

## **SEGA / MESP QUARTERLY REPORT**

### **APRIL TO JUNE 2003**

USAID support of economic policy analysis for the South African government and for capacity building of previously disadvantaged individuals and institutions through the SEGA / MESP Project continued successfully over the second quarter of calendar year 2003. To the end of June 2003, the project had expended approximately \$22 million, out of a current contract ceiling of \$25.7 million.

### **MANDELA ECONOMIC SCHOLARS PROGRAM (MESP)**

#### **U.S. Graduate Training Program (MESP)**

**Julian Naidoo**, who is working towards his PhD at the University of Maryland / Baltimore County, was sponsored by the SEGA/MESP project for an internship with the South African National Treasury. Julian's work at National Treasury has consisted of providing an analysis on strategic pricing options of anti-retroviral treatment for HIV/AIDS; development of a costing model for Social Developments enhanced response to AIDS and has assisted with the streamlining of the grants system. He is also gathering data for his PhD dissertation in South Africa. His research focuses on quantitative econometric modeling of relationship between aids and crime in South Africa and potential policy implications.

A few other US-based scholars are also collecting data in South Africa this summer. Additionally, a few have been invited to make presentations at international conferences.

**Thabo Mabogoane** was scheduled to complete his studies at Syracuse and return to South Africa at the end of July 2003, but due to unforeseen circumstances regarding the data he is using in his research, he has requested a short extension.

Plans for launch of Mandela Economic Scholars Alumni Association are now taking shape. A committee of MESP scholars have met after hours with SEGA/MESP staff and the conference is expected to be held in early September, to coincide with the annual TIPS/DPRU forum.

#### **Local Bursary Program (MESP2)**

University of Cape Town remained with 4 students for this year after 2 students did not make it into the programme.

Ms Kim Engel completed her studies at University of Stellenbosch in April and has been placed at the HSRC for a 6-month research internship.

Two students from University of Natal – Durban, have been terminated from the MESP programme due to poor performance. They are Degbor and Sebekedi. A new student – Simon Mere has been accepted into the programme beginning in the second semester for 3 semesters.

## **SUPPORT TO GOVERNMENT ACTIVITIES (SEGA)**

### **TECHNICAL ASSISTANCE FOR GOVERNMENT**

Numerous activities for government progressed over the quarter. These are arranged by the primary government partner.

#### **Micro Finance Regulatory Council**

Important research on the Consumer Credit Law Review, which has been discussed in previous SEGA/MESP reports, continued. Penny Hawkins of FEASibility, in close collaboration with the CEO of the MFRC, Gabriel Davel, finalized the study on “The Cost, Volume and Allocation of Consumer Credit in South Africa.” This supply-side study revealed and quantified the over R300 billion of credit extended to South African households in 2002. The study looked at the total costs of credit, which includes interest and non-interest charges, such as application fees, transaction fees and insurance costs. The data reveal that different consumers pay different amounts for credit, and unsurprisingly that low-income consumers pay the highest rates for credit with the shortest maturity, unless they have access to security such as property, pensions or insurance policies. The research also examines areas of dysfunction in the consumer credit market. Preliminary results of this study were discussed at USAID in February, and a workshop and meetings on the topic including representatives from other government departments and international expert, Professor Gary Dymski, were held during this quarter.

The research was conducted for the MFRC (and is not yet publicly available) as a part of the Consumer Credit Law Review. The DTI and the MFRC are contemplating important policy changes in this area. Also during this quarter, a report on the stakeholder perceptions of microfinance legislation conducted by the firm RUDO Consulting was finalized. Also during this quarter, Patrick Meagher of IRIS completed a review of pay-day lending practices in the United States and their relevance in the South African context.

Work on microfinance legislation will only go as far as the ability of the legislation to be effectively enforced (or at the least the perception that the legislation will be enforced). MFRC has requested USAID assistance with the devising a strategy for taking action against unregistered lenders (but USAID cannot and will not fund actually taking enforcement action). Registered lenders, through the MFRC, are subject to a fairly rigorous inspection process, and the MFRC has been successful in prosecuting a number of registered lenders for contravening their regulations. However, but unregistered lenders are presently investigated by the Department of Trade and Industry and the DTI has not been successful in developing cases for prosecution. The higher degree of enforcement among registered lenders vis-à-vis unregistered lenders is creating skewed incentives and the unregistered moneylenders are disregarding the regulations with increasing impunity. The danger with the current scenario is that lenders will increasingly see no benefit of registration and will simply go “underground”. The fact that hundreds of microlenders have not renewed their registration with the MFRC provides some evidence that

this is happening. In order to level the playing field, the Department of Trade and Industry has tabled the Usury Amendment Bill in Parliament to allow for the MFRC to conduct inspections and investigation on unregistered lenders. The bill is expected to be enacted in the next few months. SEGA is finalizing plans to support capacity building for the MFRC as it develops a plan of action for this enforcement. SEGA's support will be for consultants to compile lists of unregistered lenders, through community consultation and to review material on previous cases to advise on an efficient and effective process of investigation.

Work with the MFRC, funded in part by the Washington-based PRIME project and USAID's employment strategic objective (SO5), will continue and accelerate in the coming months.

### **Department of Trade and Industry (the dti)**

- New Campus Development

Peter Aborn continues in his role as Project Champion for the development of the new dti campus. The project is described in more detail in other SEGA/MESP reports. During this quarter, the dti has appointed a head of its own PPP Management Unit. The renovation of Mahube House, the art deco building on the site, has been completed and the Project Champion and the dti's PPP Management Unit have moved into offices overlooking the construction.

The quarter January to March 2003 was a busy one for the project. After the termination of the initial preferred bidder, the Rainprop consortium has been appointed as candidate preferred bidder and negotiations are on track for financial close soon. The buildings have already begun to emerge from the site under the project's early works programme with bridge financing from the National Treasury. Peter Aborn discussed the project at a public presentation to USAID in February and a site visit for USAID is planned in April 2003.

- Other Activities Affiliated with the dti

**The South African Internet Economic Study** continued into this quarter. Since surveying began in June 2002, over 2000 questionnaires have been sent to firms in Gauteng, Cape Town and Durban and approximately 390 surveys returned. A project steering committee of USAID, Nathan Associates, DTI, UUNet and Statistics South Africa meet regularly. Preliminary results show that Durban is South Africa's "Surfer's Paradise" with companies there starting to use the Internet earlier, having greater dependency on the Internet, and having personnel better trained in Internet usage than their peers in other metro areas. The survey also indicates an urgent need for basic Internet training in the SMME sector: almost nine out of ten users had no formal Internet training, those with websites updated them very infrequently and many of the respondents were unable to answer basic questions regarding, for example, bandwidth. Project leader Helmo Preuss says "The preliminary result shows that there is a desperate need for training so that small businesses can make the best use of the Internet. A large 62% of small businesses [surveyed] have their own website, yet 61,9% have remained with a dial-up modem. The migration to an ISAN line has largely been promoted by the slow download speed of the modem. Another interesting observation is that the much touted mobile connection only has a 1,2% penetration amongst small businesses. This may be due to resistance to change." The project is beginning to survey rural enterprises as well and in addition to the survey results, will also produce a few case studies on Internet usage in small rural enterprises.

The National Labour and Economic Development Institute (**NALEDI**) undertakes research in support of the labor movement in South Africa. Economic restructuring in the country has caused major job losses since the mid-1980s, and the Presidential Job Summit held in 1998 brought about agreement between government, business and labor to hold sector job summits in an effort to combat the resultant unemployment. Labor unions in the sectors involved in these summits consequently need to develop proposals for the enhancement of productivity and employment, and to increase their capacity to engage in industrial policy development in these sectors. NALEDI, with funding support from USAID through the SEGA/MESP project, is assisting the unions to do this and over the past six months has produced a number of research papers dealing with developments in the various sectors. This quarter, the South African government hosted the Growth and Development Summit, which allowed government, labour unions and civil society representatives to engage on poverty and growth issues. Many participants commented that the NALEDI research was very useful in informing labour for the summit discussions.

Support to the **South African Institute for International Affairs**, an international affairs think tank at Wits University, for a research and capacity building project entitled “Development through Trade” was finalized. This project with marry SAIIA’s international relations - area studies focus and strong linkages with business with the international expertise of project Director Peter Draper for research and public outreach in the area of international trade. USAID is especially supporting the capacity building aspect of this program, including internships that may include some of the MESP2 scholars, while other donors including DFID and the South African private sector, are supporting other components. An official launch of the project is planned for late May 2003.

### **Land Tenure Reform – Department of Land Affairs**

As part of the broader agreement between the Department of Land Affairs (DLA) and USAID, one area that needed strengthening in the department was capacity building. To this end the department requested SEGA/MESP assistance with the employment of consultants to work with them. One person has been employed for the position of Chief Planner: Systems and Advice in the Land Reform Directorate. An intern who will work with the Communal Property Associations in the Tenure Reform Implementation Systems Directorate has also been employed for six months. Work with the University of Wisconsin’s Land Tenure Center on the synthesis and publication of materials from an earlier land tenure conference has continued this quarter. Policy changes in the area of land reform were discussed in a previous quarterly report.

The South African Department of Land Affairs was invited by the Land Tenure Center and the Centre for Applied Social Sciences of the University of Zimbabwe to attend a symposium that the two NGOs jointly organized, together with USAID/Zimbabwe. The symposium was titled “Delivering Land and Securing Livelihoods: Post-Independence Land Reform and Resettlement in Zimbabwe” and was held from 26 – 28 March 2003 in Nyanga, Zimbabwe. The three officials who attended from the department were: Mr Chris Schlakwyk, Ms Carmen van der Merwe and Mr Sibongile Makopi.

The symposium provided an opportunity for the stakeholders involved in the land reform programme in Zimbabwe to take stock of what has happened since the introduction of the fast track programme. One of the South African participants wrote:

*“The symposium was a great success in that it provided an opportunity for the stakeholders involved in the land reform programme in Zimbabwe to take stock of what has happened since the introduction of the fast track programme. In a situation, which is often characterised as chaotic, these stakeholders were able to figure out what the way forward needs to be. There was general consensus about the need to move forward to complete the land reform programme. Amongst other things the need to resuscitate the financial markets and the land market were identified as being critical to the way forward. Also identified was the need to tidy up the fast track land reform programme in order to ensure that the beneficiaries of this can effectively utilize the land and that government needs to figure out how to provide more support. In general there was an acknowledgement of the need to deal with the fast track programme as a reality that has to be accepted and consolidated so as to close this chapter.”*

Other activities with the Land Tenure Directorate are still being developed. These include support for developing an Alternate Dispute Resolution mechanism, research into the costing of the consolidated land tenure bill and into post-settlement for labour tenants, and further training for DLA staff.

## **Intellectual Capital Development**

This project is funded as a USAID/Washington-based Global Development Alliance. The primary South African partner on this project, the Southern African Research and Innovation Managers Association (SARIMA), held a workshop and their annual general meeting during February. Outgoing SARIMA President Tony Heher’s report summarizes the ambitious goals of this project: “In a year which saw the approval of the national R&D Strategy, the first year of SARIMA’s existence has proved exciting but challenging. There is an increasing realisation internationally and locally, of the need for a holistic approach to research and innovation management in order to achieve the benefits of a vibrant and effective research system. The professional requirements to achieve this integration are becoming known and many countries are building capacity to meet this challenge.

“If SARIMA is to continue to realise its potential to be the leading professional organisation in this domain, and to retain the interest and involvement of our stakeholders, we need to consolidate our operations and ensure that more members participate in the diverse activities that make up the research & innovation spectrum. The honeymoon is over – the work begins!”

The SARIMA Workshop and Annual General Meeting was held on March 17-18, in association with the following related South African organizations: The Centre for Higher Education Transformation (CHET), the National Advisory Council on Innovation (NACI), the National Science and Technology Forum (NSTF), the South African Universities Vice-Chancellors Association (SAUVCA). The buy-in from these related groups and the coordination of many stakeholders in the “value chain” from research to innovation and into commercialization is an important role for SARIMA. Speakers at the workshop included Dr. Frank Heemskerk, the President of the European Association of Research and Managers and Administrators [whose engagement was initiated during SARIMA’s participation at a conference in Brussels in late 2002 (funded by the Department of Science and Technology)] and Dr. Adi Patterson, Chief Operating Officer of the Department of Science and Technology and outgoing SARIMA Vice

President. Parallel tracks were held with in-depth discussions around some of SARIMA's interest groups: The National Research and Innovation System – National Database Project; the Community of Science Funding and Expertise Database; Incubators, Venture Capital and Funding of Commercialization; and the NACI Intellectual Capital Forum. Report-backs from SARIMA members who participated in a wide variety of international conferences were held, including discussion of the trip of Dr. Heher and Vuyani Lingela, whose participation at the Association of University Technology Managers conference in Orlando, Florida was partially funded by the SEGA/MESP project over this quarter. They joined seven other SARIMA members at this key conference and forged a number of links with similar projects worldwide. Additionally, Dr. Heher met with the International Intellectual Property Institute (IIPI) in Washington, DC, and with the National Institute of Health to discuss NIH support for SARIMA's capacity building programme for research and innovation managers.

Dr. Andrew Kaniki, the Executive Director of Knowledge Management and Strategy for the National Research Foundation was elected as the new SARIMA President. The Vice Presidents include Dr. Phil Mjwara, CEO of the National Laser Center; Drs. Johann Mouton and Johann Groenewald, of Stellenbosch University; and Ms. Diana McCann of the University of Natal. The new board includes members from the Medical Research Council, Mintek, CSIR, NRF, Universities of Wits, Port Elizabeth, Ft. Hare, and Botswana.

SARIMA's programme coordinator, hired as a SEGA/MESP consultant, has resigned from the project and the executive committee is busy deciding how to best fill the role and provide support for the institutional development of SARIMA.

For more information on SARIMA, see the website [www.sarima.co.za](http://www.sarima.co.za) to sign up as a member and receive the electronic newsletter.

The Washington-based NGO the **International Intellectual Property Institute (IIPI)** was an active participant in the SARIMA workshop. This continues IIPI's engagement on intellectual capital issues in South Africa and their key role as an international partner and mentor for SARIMA. IIPI's Lee Gillespie White and Eric Garduno were in South Africa for research of the SEGA-funded project exploring the policy framework and specific practices in South Africa that impact on the innovation and technology transfer capacity. IIPI will use its extensive U.S. and international experience to contrast the South African system with those in the U.S. and other key countries. It is hoped that this analysis will assist SARIMA and the South African government in the preparations for new technology transfer legislation expected in early 2004.

### **Carbon Sinks Project and Other Environmental Activities**

These projects have the potential to make significant impacts on South African society, and we will continue to report on them in quarterly reports even though they have moved out of the realm of SEGA/MESP. During this quarter, the Eastern Cape government took a decision to launch two projects based on the ARISE (African Rural Initiatives for Sustainable Environments) model, one in the vicinity of the Addo Elephant Park and the other in one of Transkei's coastal forests. The Development Bank of Southern Africa has also requested two communities in Limpopo Province to indicate their interest in participating in the ARISE programme, and is giving consideration to funding a proposal already submitted to it by the Kruger National Park.

## **Parliament**

### Parliamentary Training

Most of the Parliamentary Training was initiated by Nathan Associate' SEGA/MESP Project, but it is currently funded through another contractor. Funding and management are anticipated to return to SEGA/MESP at the end of the calendar year. Another intensive training course at the Caledon Hotel in the Western Cape for the Parliamentarians is planned during July 2003. This is the third of "Caledon courses" and this year's focus will be on international economics.

Thus far there have been two annual intakes for the training course. The first year saw 39 enrolments, and the second year 32. In addition, four Parliamentarians are completing Masters degrees in Economic Policy at the University of Stellenbosch. The results have been very positive, with all the Parliamentarians undergoing training reporting a considerably improved understanding of Parliamentary debates, budgets and so on. Two of the Parliamentarians scored the best overall results in the UNISA "Certificate" course that formed the first part of their degree programme.

### Association of Public Accounts Committees (APAC)

Public Accounts Committees are established in the national and provincial legislatures to review the spending of government departments and public enterprises, especially by way of the Auditor General's regular reports. APAC's function is to support these committees, which are made up of elected politicians with limited terms of office, by providing them with a degree of continuity and shared experience. APAC advises each committee on how it should function, what its responsibilities are, what the responsibilities are of each organization that reports to it, how to read and analyze financial statements, and so on. USAID, through the SEGA/MESP project, has provided funding to enable APAC to compile a booklet that will guide the committees on international best practices.

During this quarter the Association of Public Accounts Committees completed the phase of its work that was devoted to the production of a handbook for use by members of public accounts committees at the national and provincial levels of government. This work was presented at APAC's Annual General Meeting this quarter in the Eastern Cape and at a workshop in Bela-Bela. Work also commenced on the next objective, which is to produce a similar handbook to assist in the implementation of the proposed Municipal Finance Management Act.

## **Other Support to Government Activities**

The work by the Development Policy Research Unit (DPRU) at the University of Cape Town for the **Department of Public Enterprises** on the possible labour market consequences of restructuring state owned enterprises is being revised and will hopefully result in a summary booklet on the topic to be released publicly. **Short-term training activities** were unfortunately curtailed during this quarter due to budget constraints. The only two short-term training activities were associated with the intellectual property project (SARIMA) and the Department of Land Affairs. All short-term training over the six months ending 31 March 2003 is outlined in an appendix table.

## **ECONOMIC RESEARCH THROUGH NGOS AND UNIVERSITIES**

This component of SEGA is managed by the Joint Center for Economic and Political Development, in subcontract with Nathan Associates. Only three of the original grant recipients were still active over the period – the **LIMA** initiative continues to expand land rental markets in Kwa Zulu Natal, Disabled People South Africa (**DPSA**) is working on the technical assistance guidelines for the new Disability Code of Good Practice, and the National Institute for Economic Policy (**NIEP**). NIEP's contract expired at the end of March and DPSA's will expire at the end of April .

### **Research on the Economic Impact of HIV/AIDS**

Research into the Economic Impact of HIV/AIDS and Its Impact on Governance continued in full force during the quarter. The research, co-funded by USAID, AusAID and DFID, is beginning to show excellent results and to be used by the policymakers it was intended to serve. Capacity building of the local researchers is showing large rewards. The quarter was dominated by methodological reviews of ongoing research, workshops and meeting disseminating earlier results and discussion ongoing research, and preparation for the third round of research on the economic impact of HIV/AIDS. The project, in line with the general focus of the SEGA/MESP project, has aimed to build local capacity to address these important issues. Researcher Veni Naidoo writes about capacity building,

“Everyone on the project team are not only black South Africans but also people who have not been involved in research of this nature before nor may otherwise be given this opportunity. Each of these individuals plans to make research in HIV/AIDS their career. Individuals are being trained in all aspects of research from interviewing, computer literacy, data management, analytical, presentation and communication skills. Each of the individuals are being trained so that the Perinatal HIV Research Unit will have a list of trained researchers and a data manager they could hire for their research projects when this study is over. This would not be possible without the research project in Soweto ...”

Technical assistants Drs. Stephen Dike and Hillary Southall and the Joint Center embarked on an intensive review of work completed by the ‘Round 2’ research teams in late February/beginning March 2003 (details of this review can be found at the end of this report). On the whole, we have been quite pleased with the quality of work undertaken and the capacity building efforts of most of the teams. We are particularly delighted with Veni Naidu's (EPRI) project in Soweto, as it continues display commitment to capacity building through comprehensive training programs; thoroughness in carefully documenting concepts, definitions; and quality assurance of field activities.

The IDASA team continues with its review and assessment of the Conditional Grant spending, but this time, a black researcher (Nhlanhla Ndlovu) joins the team and is conducting all the interviews in the provinces, assisting with data analysis and documentation of results. The utility of this study is undisputed and the team has already begun to disseminate preliminary results within Portfolio Committees in Parliament.

The CHSR&D, Free State, has completed the second year of the household survey and are presenting the results at numerous international conferences on poverty and HIV/AIDS. The



'University impact project', also conducted by the CHSR&D, is running smoothly. We are pleased that the team is now focusing their energies on capacity building and is evidenced in the employment of two Masters students who compiled the literature review under Dr. Booysen's supervision, and the employment of two black researchers to conduct the study in the QwaQwa campus.

On the downside, the Tomlinson project on HIV/AIDS and municipal financial sustainability has been terminated by mutual agreement between the project team and the Joint Center. Although termination of the project is regrettable, it is probably the best conclusion given that we could not resolve certain issues regarding the scope and content of the project following months of discussion. We remain concerned with the HSRC project and issues related to their sample frame and sector choice. Discussions are ongoing between the research team and the Technical Assistance (TA) team in this regard.

Each of the active Round 2 projects is described in more detail in the attached appendix.

#### Workshop on the Economic Impact of HIV/AIDS - 5 March 2003, Kievits Kroon (near Pretoria)

The main purpose of this workshop was to:

- To introduce each of the ongoing projects stating the aims and objectives, methodologies and time frames
- To present interim findings
- To identify challenges encountered by the teams during their research and lessons learned
- To establish if there are any possible linkages/cross-fertilization between the projects

There were 68 participants at the workshop including the research teams and representatives from the Dept's of Health, Social Development, Public Services and Administration, Labour, Housing as well as reps from Tshwane Metro, NEPAD, Naledi, HEARD, AusAID, DFID, Irish Embassy, JICA, Save The Children, UNAIDS, UNDP and USAID. The presenters received valuable input from the participants and we hope to schedule a final workshop for this research round in October 2003.

#### Preparations for Round 3 and Dissemination of Results from Round 1 and 2 Research

Following interest by AusAID, DFID and USAID to fund a third round of research, which is more targeted towards the needs to policymakers, the Joint Center and USAID initiated meetings with key government departments to elicit their research priorities in the area of economics and HIV/AIDS. Three Departments namely, Social Development (DSD), Health (DoH) and Treasury, expressed interest in this program and are currently collaborating with the Joint Center in this regard. We envisage these topics to form the basis of our next Call for Papers due to be released in late May 2003, following consultation with the donors and Government reps. We are hopeful that the European Union and the UNDP will participate and provide additional funds for the third round of research.

#### *Department of Social Development(DSD)*

We first approached the Department in January 2003 when we met with the Chief Director (Jacques van Zuydam), Director and researchers in the Population Unit. Jacques informed us that the Department is in the process of designing a research agenda that includes HIV/AIDS and indicated that a presentation of results of the first round of research would be useful in assisting the Department to identify some issues as a result of HIV/AIDS.

In collaboration with the Joint Center, the DSD hosted this workshop on 18 March 2003 in Pretoria. The Minister of DSD, Zola Skweyiya, opened the workshop. In his speech, the Minister said,

“The purpose of this seminar is to create awareness of research that is being conducted. It is also to Strengthen Partnerships between provincial and national officials and donor agencies. Perhaps most importantly, it is to enhance the capacity of government at national and provincial levels to translate research findings and recommendations into action.”... “I expect the seminar to create a platform for the department to express its research needs and priorities that could be incorporated in the Joint Center’s research activities. The Department pledges its full support and commitment to these scientific endeavors, aimed at addressing the desperation that prevails in our communities. It is essential that academic researchers are accountable to both to this audience and to the communities where there research takes place.”...“Finally I would like to thank the international donors on behalf of the department that made this research possible namely USAID, AusAID, and DIFD. We recognize and appreciate your contribution to our struggle against HIV/AIDS, not as South Africa issue, but as a challenge facing the whole of humanity”

The Joint Center and our TA team facilitated follow-up workshops on 19 March and 11 April with representatives from the 5 units within DSD to identify and prioritize the research needs of the Department.

*Department of Health, National Treasury, Reserve Bank and National Treasury.*

We met with Martin Hensher in the Health Financing and Economics Directorate of the National Department of Health, who had some excellent suggestions on possible research topics. Martin suggested we meet with the Health/Treasury Task Team (who have been working on the cost-effectiveness of treatment) to discuss/refine these topics at their next meeting, which will hopefully be in early May 2003. Neal Cohen met with Mark Blecher of National Treasury who is also part of the Health/Treasury Task team. We also met with the Reserve Bank and with Cas Saloojee, the Chair of the Parliamentary Standing Committee on Social Development. A workshop with the entire Parliamentary standing committee is anticipated in the coming months.

**SUPPORT TO A CENTER OF EXCELLENCE IN ECONOMICS TRAINING AND  
RESEARCH AT THE UNIVERSITY OF THE WESTERN CAPE**



**The Finance and Development Training and Research Unit**

**in the Department of Economics  
at the University of the Western Cape**

The past quarter has witnessed considerable change in FADTRU and especially in its relationship with the SEGA/MESP project. Until six months ago, Nathan Associates' quarterly reports frequently expressed concern about FADTRU's future sustainability once USAID support ceases. However, it now seems clear that FADTRU has become sustainable, and even now would survive as an organization – albeit in a considerably scaled-down form – were USAID funding to cease. As sufficient USAID funding is available to provide partial support to FADTRU until September 2005, and as FADTRU will continue to strengthen over that period, sustainability is no longer the concern that it was.

These changed circumstances can be reported at this time mainly because a number of developments that have been occurring over the past few years have been consolidated over the past quarter. This has culminated in FADTRU now being viewed much more explicitly and centrally as an asset of the University of the Western Cape. Increasingly the University is taking over the support functions that FADTRU requires, and that initially were provided in a rather ad hoc way through the use of USAID's funds. Some examples here are computer laboratories that are now supported by the University's IT department, staff that have been taken onto the University's payroll, and accounting services that are now provided by the University's financial department.

Another notable development has been that some of FADTRU's activities have become self-sustainable and, while still continuing, no longer need USAID's financial support. Most important in this respect is the presentation of workshops, which has been a major activity and which has been important in building up the public perception of FADTRU. In future, all workshops will be funded by their participants, most of whom are representatives of various levels of government.

The reduction in FADTRU's funding requirements that has resulted from these developments enables USAID's available funds to be shifted away from day-to-day operational requirements as well as activities that have now been well proven and have become routine, in order to be focused much more clearly on remaining developmental requirements, areas where there are still remaining concerns. As an indication of this, FADTRU has recently submitted a work plan in which the funds that are still available from USAID are spread across the full period remaining until the end of the SEGA/MESP project in September 2005, in order to provide continuity in FADTRU's continued transition to financial independence.

Much of the consolidation in FADTRU's situation that has been reported above can be attributed to the monthly meetings that are now held between FADTRU management and Nathan Associates. The presence at these meetings of the Dean of the Faculty of Economic and Management Sciences provides FADTRU with a reporting forum directly into the top levels of University management, and thus creates a bridge between both the expectations and the resources of SEGA/MESP and the University. This has produced a much-enhanced sense of a commonality of purpose than existed previously and bodes well for FADTRU's future.